

RECORDATION NO. 20359-D FILED

MAY 4 '98 10-30 AM

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
918 SIXTEENTH STREET, N W  
SUITE 200  
WASHINGTON, D C  
20006-2973  
\_\_\_\_\_  
(202) 393-2266  
FAX (202) 393-2156

ELIAS C ALVORD (1942)  
ELLSWORTH C ALVORD (1964)

OF COUNSEL  
URBAN A LESTER

May 1, 1998

Mr Vernon A Williams  
Secretary  
Surface Transportation Board  
Washington, D C 20423

Dear Mr Williams

Enclosed for recordation pursuant to the provisions of 49 U S C Section 11301(a), are three (3) copies of a Memorandum of Agreement of Termination and Release, dated as of May 1, 1998, a secondary document as defined in the Board's Rules for the Recordation of Documents

The enclosed document relates to the Equipment Mortgage, Assignment of Rents and Leases and amendments thereto, which were previously filed with the Board under Recordation Numbers 20359, et seq

The names and addresses of the parties to the enclosed document are

Borrower: Compass Rail II  
750 Battery Street, Suite 430  
San Francisco, California 94111

Secured Party: Mitsui Leasing Capital Corporation  
(successor in interest to Mitsui Leasing (U S A ) Inc.)  
330 Madison Avenue  
New York, New York 10017

A description of the railroad equipment covered by the enclosed document is  
all railroad equipment covered by the documents previously filed herein.

*Counterparts - J.A.*

MAY 4 10 27 AM '98

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Mr Vernon A Williams

May 1, 1998

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Also enclosed is a check in the amount of \$26 00 payable to the order of the Surface Transportation Board covering the required recordation fee

Kindly return stamped copy of the enclosed document to the undersigned

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W Alvord", with a horizontal flourish extending to the right.

Robert W Alvord

RWA/bg  
Enclosures

SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY

DATE: 5/4/98

ROBERT W ALVORD  
ALVORD AND ALVORD  
918 SIXTEENTH STREET, NW , STE. 200  
WASHINGTON, DC., 20006-2973

DEAR SIR:

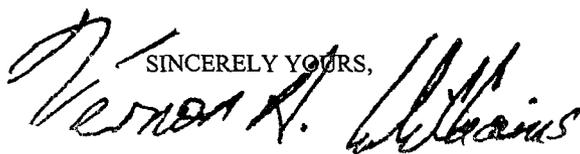
THE ENCLOSED DOCUMENT(S) WAS RECORDED PURSUANT TO THE PROVISIONS OF 49 USC 11301

AND 49 CFR 1177.3 (C), ON AT 5/4/98

10 30AM

ASSIGNED RECORDATION NUMBER(S) 20358-D, 20359-D, 20360-C, 21365, 21365-A AND 21366

SINCERELY YOURS,



VERNON A WILLIAMS  
SECRETARY

ENCLOSURE(\*S)

156 00

\$-----THE AMOUNT INDICATED AT THE LEFT HAS BEEN RECEIVED IN PAYMENT OF A FEE IN CONNECTION WITH A DOCUMENT FILED ON THE DATE SHOWN THIS RECEIPT IS ISSUED FOR THE AMOUNT PAID IN THE EVENT OF AN ERROR OR ANY QUESTIONS CONCERNING THIS FEE, YOU WILL RECEIVE NOTIFICATION AFTER THE SURFACE TRANSPORTATION BOARD HAS HAD AN OPPORTUNITY TO EXAMINE YOUR DOCUMENT

SIGNATURE



RECORDATION NO. 20359-D FILED

MAY 4 '98

10-30 AM

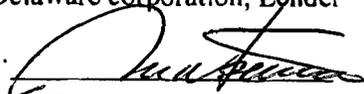
MEMORANDUM  
OF  
AGREEMENT OF TERMINATION AND RELEASE  
As of May 1, 1998

THIS MEMORANDUM OF AGREEMENT OF TERMINATION AND RELEASE is intended to evidence the Agreement of Termination and Release dated as of May 1, 1998 (the "Agreement"), between MITSUI LEASING CAPITAL CORPORATION, a Delaware corporation, as successor in interest to MITSUI LEASING (U.S.A) INC., a New York corporation, located at 330 Madison Avenue, 33<sup>rd</sup> Floor, New York, NY 10017 ("Lender"), and COMPASS RAIL II, a California corporation located at 750 Battery Street Suite 430, San Francisco, CA 94111 ("Borrower"), for the purpose of satisfying the requirements of recordation with the United States Department of Transportation Surface Transportation Board ("STB") under 49 USC Section 11301 and with the Registrar General of Canada under applicable law Lender and Borrower have entered into the Agreement of Termination and Release which provides for (1) the waiver and release by Lender of all its rights under a certain Loan and Security Agreement dated as of November 1, 1996, a related Equipment Mortgage (STB Recordation No 20359) an Assignment of Rents and Leases, as amended (STB Recordation Nos 20359A, B and C), and a Memorandum of Residual Sharing and Security Agreement, as amended (STB Recordation No. 20360, 20360A and 20360B), and each and every other agreement and instrument executed in connection therewith and (2) the release by Lender of all its right, title and interest (including without limitation any security interest) in and to the one hundred ten flatcars specified on Schedules A and B hereto

IN WITNESS WHEREOF, Lender and Borrower have caused this Memorandum to be duly executed all as of the date first above written, and the undersigned hereby declare pursuant to 28 U S C. Section 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below their signatures

MITSUI LEASING CAPITAL CORPORATION  
a Delaware corporation, Lender

COMPASS RAIL II,  
a California corporation, Borrower

By: 

By \_\_\_\_\_

Title President

Title \_\_\_\_\_

Date 4/30/98

Date: \_\_\_\_\_

MEMORANDUM  
OF  
AGREEMENT OF TERMINATION AND RELEASE  
As of May 1, 1998

THIS MEMORANDUM OF AGREEMENT OF TERMINATION AND RELEASE is intended to evidence the Agreement of Termination and Release dated as of May 1, 1998 (the "Agreement"), between MITSUI LEASING CAPITAL CORPORATION, a Delaware corporation, as successor in interest to MITSUI LEASING (U.S.A.) INC., a New York corporation, located at 330 Madison Avenue, 33<sup>rd</sup> Floor, New York, NY 10017 ("Lender"), and COMPASS RAIL II, a California corporation located at 750 Battery Street Suite 430, San Francisco, CA 94111 ("Borrower"), for the purpose of satisfying the requirements of recordation with the United States Department of Transportation Surface Transportation Board ("STB") under 49 USC Section 11301 and with the Registrar General of Canada under applicable law. Lender and Borrower have entered into the Agreement of Termination and Release which provides for (1) the waiver and release by Lender of all its rights under a certain Loan and Security Agreement dated as of November 1, 1996, a related Equipment Mortgage (STB Recordation No. 20359) an Assignment of Rents and Leases, as amended (STB Recordation Nos. 20359A, B and C), and a Memorandum of Residual Sharing and Security Agreement, as amended (STB Recordation No. 20360, 20360A and 20360B), and each and every other agreement and instrument executed in connection therewith and (2) the release by Lender of all its right, title and interest (including without limitation any security interest) in and to the one hundred ten flatcars specified on Schedules A and B hereto.

IN WITNESS WHEREOF, Lender and Borrower have caused this Memorandum to be duly executed all as of the date first above written, and the undersigned hereby declare pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below their signatures.

MITSUI LEASING CAPITAL CORPORATION  
a Delaware corporation, Lender

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

COMPASS RAIL II,  
a California corporation, Borrower

By: *[Signature]*

Title: *President*

Date: *4-30-98*

STATE OF CALIFORNIA )  
 )  
 ) SS:  
COUNTY OF SAN FRANCISCO )

On this \_\_\_ day of \_\_\_\_\_, 1998, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn says that such person is \_\_\_\_\_ of COMPASS RAIL II, that the foregoing Memorandum of Railroad Equipment Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation

\_\_\_\_\_  
Notary Public

STATE OF NEW YORK )  
 )  
 ) SS:  
COUNTY OF NEW YORK )

This 30th day of April, 1998 before me personally appeared M. Utsunomiya, to me personally known, who being by me duly sworn says that such person is president of MITSUI LEASING CAPITAL CORPORATION that the foregoing Memorandum of Railroad Equipment Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation

  
\_\_\_\_\_  
Notary Public



My Commission Expires. \_\_\_\_\_

**ROGER ALEXANDER**  
Notary Public, State of New York  
No. 4836710  
Qualified in Nassau County  
Certificate Filed in New York County  
Commission Expires 11/21/99

STATE OF CALIFORNIA )  
 ) SS:  
COUNTY OF SAN FRANCISCO )

On this 30<sup>th</sup> day of APRIL, 1998, before me personally appeared STEFAN C. BIENEMAN, to me personally known, who being by me duly sworn says that such person is PRESIDENT of COMPASS RAIL II, that the foregoing Memorandum of Railroad Equipment Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

STATE OF NEW YORK )  
 ) SS:  
COUNTY OF NEW YORK )

This \_\_\_ day of \_\_\_\_\_, 1998 before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn says that such person is \_\_\_\_\_ of MITSUI LEASING CAPITAL CORPORATION that the foregoing Memorandum of Railroad Equipment Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

**Schedule A to  
Memorandum of  
Agreement of Termination and Release  
Dated May 1, 1998**

<u>Car Type</u>	<u>Completed Units</u>	<u>Prior Car Marks</u>	<u>New Car Marks</u>
Interchange Log Cars - AAR Designation LP/Car Type LO28	25	BAR 1287 1319 1274 1307 1317 1313 1271 1301 1293 1303 1298 1315 1290 1300 1275 1296 1314 1277 1272 1288 1306 1299 1269 1283 1273	BAR 11000 11001 11002 11003 11004 11005 11006 11007 11008 11009 11010 11011 11012 11013 11014 11015 11016 11017 11018 11019 11020 11021 11022 11023 11024
Non-Interchange Log Cars - AAR Designation LP/Car Type LO28	25	1106 1107 1108 1116 1121 1123 1125 1165 1172 1198 1199 1205 1216 1218 1224 1234 1237 1239 1243 1259 1268 1276 1284 1285 1311	12000 12001 12002 12003 12004 12005 12006 12007 12008 12009 12010 12011 12012 12013 12014 12015 12016 12017 12018 12019 12020 12021 12022 12023 12024
Wood Chip Cars - AAR Designation GTS/Car Type E700	8	1124 1147 1179 1238 1282 1297 1305 1310	13003 13009 13017 13034 13051 13055 13056 13058
<b>Total Completed Units</b>	<b>58</b>		

**Schedule B to  
Memorandum of  
Agreement of Termination And Release  
Dated May 1, 1998**

**REMAINING UNITS - PULP RACK FLAT CARS**

to be Reconstructed into  
**WOODCHIP CARS**

<u>Car Type</u>	<u>No. Cars</u>	<u>Existing Car Marks</u>	<u>New Car Marks</u>
Pulp Rack Flat Cars- AAR Designation LP/Car Type LO28	52	BAR 1109	BAR 13000
When reconstructed:		1110	13001
Wood Chip Cars - AAR Designation GTS/Car Type E700		1120	13002
		1128	13004
		1130	13005
		1131	13006
		1143	13007
		1144	13008
		1151	13010
		1153	13011
		1158	13012
		1171	13013
		1173	13014
		1176	13015
		1178	13016
		1185	13018
		1188	13019
		1191	13020
		1192	13021
		1193	13022
		1194	13023
		1197	13024
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		1252	13039
		1253	13040
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		1256	13042
		1257	13043
		1261	13044
		1263	13045
		1264	13046
		1266	13047
		1267	13048
		1270	13049
		1281	13050
		1292	13052
		1294	13053
		1295	13054
		1308	13057
		1318	13059